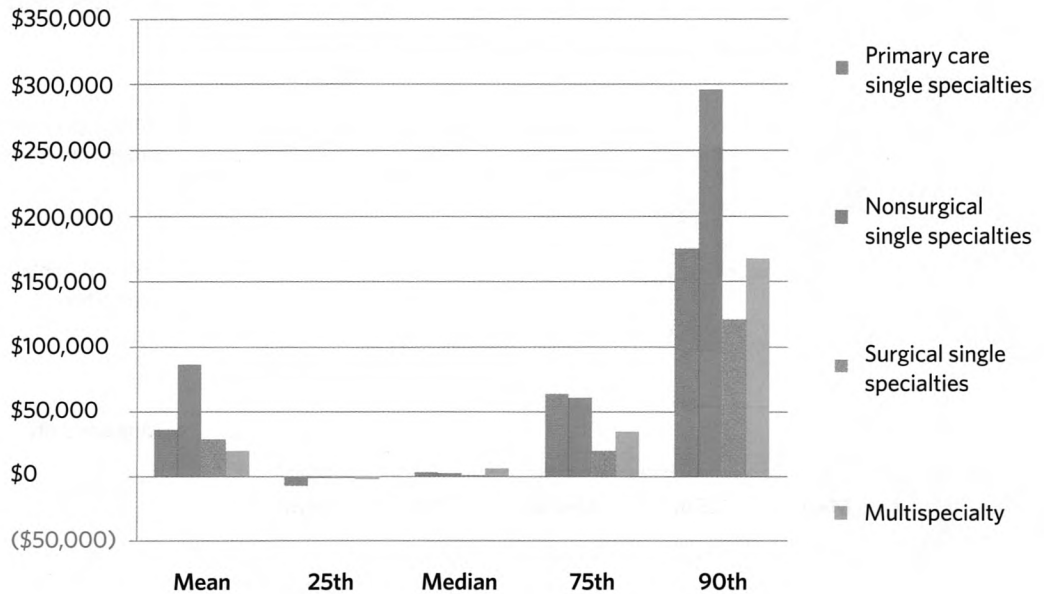


FIGURE 3. PHYSICIAN-OWNED PRACTICES INCOME/LOSS PER FTE PHYSICIAN



Source: 2018 MGMA DataDive Cost and Revenue

practices (75th percentile and above) were profitable, and all practice types showed income ranging from about \$25,000 to \$200,000 per FTE physician. Nonetheless, most hospital/IDS-owned practices lost significant amounts of money.

Physician-owned practices by contrast, generally break even or make profits, as shown in Figure 3 from the 2018 MGMA DataDive Cost and Revenue.

The median for physician-owned practices indicates they essentially break even, while the top 10% of practices showed substantial profits, ranging from about \$120,000 to nearly \$300,000. Again, this same pattern has been observed in prior years: Physician-owned practices usually break even or make a profit.

Two key takeaways emerge from reviewing MGMA's data. First, hospital/IDS-owned practices generally lose money, with some of these losses being substantial. On the other hand, physician-owned practices usually break even or make money. Second, not all hospital/

IDS-owned practices lose money; a small percentage will break even or make a profit.

This stark contrast between the two owners — health systems and physicians — raises a critical question: Why do most hospital/IDS-owned practices lose money, while most physician-owned practices break even or make a profit? ■



Timothy Smith, principal, TS Healthcare Consulting LLC, tim@tshealthcon.com.